

Western Europe Morning Notes

15 May 2012

Befimmo: 1Q12 - things are not getting worse at this stage

BEF 1Q12 results show valuation down 0.76%, partly through the effect of a rotation of the valuers. Decentralised (-12% in 3 months) and Periphery (-9.1% in 3 months) were particularly weak. There is a read-across to Cofinimmo that has significantly higher weightings in these areas, although they have been watered down by the additions of Nursing homes, and pubs sale and lease-backs. EPRA EPS came in at €0.99 and IFRS NAV per share of €57.21. EPRA NAV came in at €57.44.

The outlook statement was unchanged. BEF is required to publish a very detailed forecast statement of earnings. The DPS outlook of €3.45 per share was confirmed. Management sees no further deterioration of Brussels rental markets over the past 12 months. Incentives remain high but stable. Rental markets are similar in all submarkets, according to management. Cost of debt stands at 3.9%. Management sticks to 1.44% negative valuations for the FY despite being -0.76% in 2012 Q1. This implies that it sees slightly brighter skies ahead. We expect little share price reaction today.

Price: €43.58. Last published: target price: €48.7; recommendation: HOLD

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